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T.R.A. DOCKET ROOM

January 15, 2004

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Chairman Deborah Taylor Tate  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

**Via Federal Express**  
**Priority Overnight Delivery**

**Re: *Petition of Atmos Energy Corporation for Approval of Franchise Agreements  
with Williamson County and Johnson City, Tennessee***  
***Docket No. 03-00520***

Dear Chairman Tate:

Please find enclosed the original and fourteen copies of each of the following documents for filing in the above-referenced matter:

- (1) Direct Testimony of Michael K. West;
- (2) Direct Testimony of Denise Manning; and
- (3) Direct Testimony of Rogers Anderson.

Please stamp the extra copies "filed" and return them to me in the enclosed envelope.

Thank you for your assistance in this matter. Please do not hesitate to contact me if you have any questions about this filing.

Sincerely,

Joe A. Conner

JAC:klc  
Enclosures

C IAC 290856 v1  
2015477-000017 01/15/2004

RECEIVED  
BEFORE THE TENNESSEE REGULATORY AUTHORITY

2004 JAN 16 AM 9:28

NASHVILLE, TENNESSEE

T.R.A. DOCKET ROOM

IN RE: PETITION OF ATMOS ENERGY )  
CORPORATION FOR APPROVAL OF )  
FRANCHISE AGREEMENTS WITH )  
WILLIAMSON COUNTY AND )  
JOHNSON CITY, TENNESSEE )

Docket No. 03-00520

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**DIRECT TESTIMONY OF  
MICHAEL K. WEST**

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1 **Q: Please state your name, place of employment and title.**

2 A: My name is Michael West. I am employed by the Board of Commissioners of Johnson  
3 City, Tennessee, as the City Manager. I have held this position since November, 2001.

4 **Q: After you were employed as City Manager of Johnson City, did you have any**  
5 **involvement in the negotiations between Atmos Energy Corporation ("Atmos") and**  
6 **Johnson City concerning the franchise then held by Atmos to operate within the**  
7 **municipal limits of the City?**

8 A: Yes. After I became City Manager, I was advised that there had been on-going  
9 negotiations with Atmos concerning its franchise with Johnson City. After I familiarized  
10 myself with the file and the issues, I had several meetings with Bob Elam and other  
11 Atmos representatives in an attempt to negotiate an amendment to the franchise.

12 **Q: Were there other issues in addition to the franchise fee which were on the table for**  
13 **consideration?**

14 A: Yes. Under the existing franchise, the fee payments were only made on an annual basis.  
15 In order to assist the City in better managing its cash flow, I suggested that the payments  
16 be made on a quarterly basis. In addition, we also had concerns over accurately  
17 identifying customers who were annexed into the City to ensure that the franchise fee was  
18 being properly applied. In my meetings with Mr. Elam, we discussed these issues and  
19 also the City's interest in not raising the franchise fee at this time above the 3% that was  
20 then being charged.

21 **Q: Did Atmos and the City eventually agree on a modification of the franchise?**


22 A: Yes, we did reach an agreement which is embodied in Ordinance No. 3869-03 that was  
23 passed by the City Council on July 17, 2003. By its terms, Ordinance No. 3869-03

24 supercedes the ordinance passed in 1997 (Ordinance No. 3511) to the extent that the  
25 Ordinance No. 3511 purported to increase the franchise fee above 3%. However, the  
26 amendment also gives the Board of Commissioners discretion to annually review and  
27 propose a change to the franchise fee subject specifically to approval by the Tennessee  
28 Regulatory Authority. The amendment also provides for quarterly payments of the  
29 franchise fee and gives Atmos an additional twenty-five years from the date of passage.  
30 As referenced in Mr. Elam's testimony, the amendment also more clearly specifies the  
31 responsibilities of the City and the Company in regards to identifying customers who  
32 may be annexed and/or de-annexed into or from the City for purposes of proper  
33 application of the franchise fee.

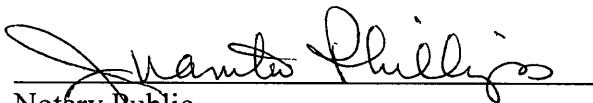
34 **Q: What is your opinion in regard to the necessity for the approval of this amendment?**

35 A: The amended Franchise Agreement which is embodied in Ordinance No. 3869-03 is  
36 necessary and proper for the public convenience and properly serves and protects the  
37 public interest of the citizens of Johnson City, Tennessee. We encourage the Authority to  
38 approve it as passed.

39 No further questions.

  
Michael K. West, City Manager of Johnson  
City

Sworn to and subscribed before me  
this 14<sup>th</sup> day of January, 2004.

  
Notary Public

My Commission Expires: 7/25/2005